

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7055

BILL NUMBER: SB 337

NOTE PREPARED: Jan 14, 2006

BILL AMENDED:

SUBJECT: Licensure of Heating and Cooling Industry.

FIRST AUTHOR: Sen. Landske

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: The bill establishes: (1) the Heating and Cooling Contractor Licensing Board; (2) licensing requirements for heating and cooling contractors; and (3) the Heating and Cooling Contractors Licensing Board Fund. The bill appropriates to the Heating and Cooling Contractors Licensing Board an amount sufficient to fund the licensing and regulation of heating and cooling contractors.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Licensing Board:* The bill would establish the seven-member Heating and Cooling Contractor Licensing Board. Board members would receive a per diem and travel expense reimbursement for their service.

Licensing Board Fund: The bill would establish a fund for the Heating and Cooling Contractor Licensing Board to administer and enforce the licensure of heating and cooling contractors. The fund would consist of license fees and civil penalties. Expenditures for the administration of licensing under the bill would be paid for by appropriations from the fund. Fund balances remaining at the end of a state fiscal year would not revert to the state General Fund.

Professional Licensing Agency: The bill directs the Professional Licensing Agency to provide staff to carry out administrative functions and other duties for the Board. The bill does not specify an exact amount of support staff required. However, if an additional position were needed, a PAT 3 would require salary and benefit expenditures of \$43,392 in FY 2007.

The Professional Licensing Agency has a total General Fund appropriation of \$5.8 M with 34 funded positions in FY 2006.

Explanation of State Revenues: *Licensing Fee:* The bill would allow the Board to adopt licensing fees for heating and cooling professionals. Revenue would be used by the Board to regulate and license these professionals. The amount of revenue that the Board could receive would depend on the fee structure set by the Board and the number of contractors licensed.

Background: As a proxy for the possible number of contractors the bill could affect, the Professional Licensing Agency reports that as of September 30, 2005, there were approximately 3,500 plumber contractors licensed.

Marion County currently requires heating and cooling contractors to have a license. As of December 31, 2005, there were 424 license holders. Assuming a similar per capita number of heating and cooling contractors throughout the state, there could be approximately 3,100 contractors in the state that would need to be licensed.

With a range of 3,100 to 3,500 heating and cooling contractors in Indiana, a fee ranging from \$12.40 to \$14.00 per contractor would be needed to cover the cost of the additional PAT 3 position.

Penalty Provision- Under the bill, a person that violates the provisions of the bill (including giving false information for a license; impersonating a license holder; and using a suspended, expired, or revoked license) would commit a Class B misdemeanor.

If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund.

If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund.

Explanation of Local Expenditures: *Penalty Provision-* A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: *Penalty Provision-* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: (1) The county general fund would receive 27% of the \$120 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. (2) A \$3 fee would be assessed and, if collected, would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed and, if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected: Professional Licensing Agency.

Local Agencies Affected: Trial courts, local law enforcement agencies.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations FY 2005*; Professional Licensing Agency; John Williams, City of Indianapolis, Compliance Division.

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